

HOUSE BILL No. 1816

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Income tax credit for property tax paid. Increases from \$18,600 to \$30,000 the income eligibility level for the income tax credit for property taxes paid on homesteads in Lake County. Reduces the amount of the credit funded by riverboat admissions taxes in the county.

Effective: January 1, 2005 (retroactive).

Smith V

January 19, 2005, read first time and referred to Committee on Ways and Means.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1816

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
3 Sec. 4. (a) Except as provided in subsection (b), an individual is
4 entitled to a credit under this chapter if the:

5 (1) individual's earned income for the taxable year is less than
6 ~~eighteen~~ **thirty** thousand six hundred ~~(\$18,600);~~ **dollars**
7 **(\$30,000);** and

8 (2) the individual pays property taxes in the taxable year on a
9 homestead that:

10 (A) the individual:

11 (i) owns; or

12 (ii) is buying under a contract that requires the individual to
13 pay property taxes on the homestead, if the contract or a
14 memorandum of the contract is recorded in the county
15 recorder's office; and

16 (B) is located in a county having a population of more than
17 four hundred thousand (400,000) but less than seven hundred



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1 thousand (700,000).

2 (b) An individual is not entitled to a credit under this chapter for a
3 taxable year for property taxes paid on the individual's homestead if the
4 individual claims the deduction under IC 6-3-1-3.5(a)(17) for the
5 homestead for that same taxable year.

6 SECTION 2. IC 6-3.1-20-5 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
8 Sec. 5. (a) Each year, an individual described in section 4 of this
9 chapter is entitled to a refundable credit against the individual's state
10 income tax liability in the amount determined under this section.

11 (b) In the case of an individual with earned income of less than
12 ~~eighteen~~ **twenty-nine** thousand **four hundred** dollars ~~(\$18,000)~~
13 **(\$29,400)** for the taxable year, the amount of the credit is equal to the
14 lesser of:

- 15 (1) three hundred dollars (\$300); or
16 (2) the amount of property taxes described in section 4(a)(2) of
17 this chapter paid by the individual in the taxable year.

18 (c) In the case of an individual with earned income that is at least
19 ~~eighteen~~ **twenty-nine** thousand **four hundred** dollars ~~(\$18,000)~~
20 **(\$29,400)** but less than ~~eighteen~~ **thirty** thousand ~~six hundred~~ dollars
21 ~~(\$18,600)~~ **(\$30,000)** for the taxable year, the amount of the credit is
22 equal to the lesser of the following:

23 (1) An amount determined under **STEP TWO** of the following
24 ~~STEPS:~~ **formula:**

25 STEP ONE: Determine the result of:

- 26 (i) ~~eighteen~~ **thirty** thousand ~~six hundred~~ dollars ~~(\$18,600);~~
27 **(\$30,000)**; minus
28 (ii) the individual's earned income for the taxable year.

29 STEP TWO: Determine the result of:

- 30 (i) the STEP ONE amount; multiplied by
31 (ii) five-tenths (0.5).

32 (2) The amount of property taxes described in section 4(a)(2) of
33 this chapter paid by the individual in the taxable year.

34 (d) If the amount of the credit under this chapter exceeds the
35 individual's state tax liability for the taxable year, the excess shall be
36 refunded to the taxpayer.

37 SECTION 3. IC 6-3.1-20-7 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
39 Sec. 7. (a) The department shall before July 1 of each year determine
40 the amount of credits allowed under this chapter for taxable years
41 ending before January 1 of the year.

42 (b) ~~One-half (1/2)~~ **Three-tenths (3/10)** of the amount determined by

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the department under subsection (a) shall be:

(1) deducted during the year from the riverboat admissions tax revenue otherwise payable to the county under IC 4-33-12-6(d)(2); and

(2) paid instead to the state general fund.

(c) ~~One-sixth (1/6)~~ **One-tenth (1/10)** of the amount determined by the department under subsection (a) shall be:

(1) deducted during the year from the riverboat admissions tax revenue otherwise payable under IC 4-33-12-6(d)(1) to each of the following:

(A) The largest city by population located in the county.

(B) The second largest city by population located in the county.

(C) The third largest city by population located in the county; and

(2) paid instead to the state general fund.

SECTION 4. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]
IC 6-3.1-20-4, IC 6-3.1-20-5, and IC 6-3.1-20-7, all as amended by this act, apply only to taxable years beginning after December 31, 2004.

SECTION 5. **An emergency is declared for this act.**

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